

M I N U T E S

OF THE MEETING OF THE BOARD OF DIRECTORS OF Sopharma AD

The meeting of the Board of Directors of Sopharma AD took place on 18 April 2016 in Sofia, 16 Iliensko Shousee Str.

The following members of the Board of Directors were present:

1. Ognian Ivanov Donev – Chairman of the Board of Directors, Executive Director;
2. Vessela Liubenova Stoeva – Deputy chairman of the Board of Directors;
3. Alexandar Victorov Tchaouchev – member of the Board of Directors;
4. Ognian Kirilov Palaveev – member of the Board of Directors;
5. Andrey Liudmilov Breshkov – member of the Board of Directors;

The Board members are accurately informed about the meeting and its agenda.

Pursuant to Art. 251, para 3, sentence last, in relation to para. 2 of the same provision of the Commercial Law on the proposal for profit distribution, AFA OOD, a registered auditor, participates in the meeting of the Board of Directors.

The meeting had the following agenda:

1. Approval of Substantiated report for transactions within the scope of art. 114, par. 1 of POSA.
2. Decision to convene an Annual General Meeting of Shareholders of Sopharma AD for reporting of the operations of the Company in 2016.
3. Approval of the agenda of the General Meeting of Shareholders and draft decisions by the Board of Directors for the items on the agenda.
4. Approval of the text of the invitation to the Annual General Meeting.
5. Miscellaneous.

After discussions the Board of Directors took the following

D E C I S I O N S :

I. On item 1 of the agenda:

The Board of Directors approves the Substantiated report prepared by the Board of Directors for transactions within the scope of art. 114, par. 1 of POSA.

The approved Substantiated report shall be presented to the Annual General Meeting of Shareholders for approval and authorization for conclusion of the transactions and shall be included in the agenda materials of the AGM for reporting of the operations of the Company in 2015.

Voting results:

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR

4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

The decision on item 1 of the agenda was unanimously approved by the Board of Directors.

II. On item 2 of the agenda:

The Board of Directors, pursuant to art. 223 of the Commercial Act /CA/ and art. 115 of the Public Offering of Securities ACT /POSA/, convenes an Annual General Meeting of Shareholders of Sopharma AD, which shall be held on 2 June 2017 at 11:00 at the Company's headquarters in Sofia, at: 5 Lachezar Stanchev Str., Building B and in the absence of quorum on 16 June 2017 at the same place, the same time and with the same agenda

Voting results:

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

The decision on item 2 of the agenda was unanimously approved by the Board of Directors.

III. On item 3 of the agenda:

The General Meeting of Shareholders shall be conducted with the following agenda and the following draft decisions, proposed by the Board of Directors:

- 1. Approval of the Annual report of the Board of Directors of the Company for 2016; Draft decision:** AGM approves the Annual report of the Board of Directors of the Company for 2016;
- 2. Approval of the Annual report of the Investor Relations Director for 2016; Draft decision:** AGM approves the Annual report of the Investor Relations Director for 2016;
- 3. Approval of the Audit report on the audit of the annual financial statements of the Company for 2016; Draft decision:** AGM approves the Audit report on the audit of the annual financial statements of the Company for 2016;
- 4. Approval of the audited annual financial statements of the Company for 2016; Draft decision:** AGM approves the audited annual financial statements of the Company for 2016;
- 5. Approval of the audited annual consolidated financial statements of the Company for 2016; Draft decision:** AGM approves the audited annual consolidated financial statements of the Company for 2016;
- 6. Approval of the report of the Audit Committee for 2016; Draft decision:** AGM approves the report of the Audit Committee for 2016;
- 7. Approval of a decision on the distribution of the Company's net profit for 2016 and undistributed profit from past periods; Draft decision:** AGM Accepts the proposal of the Board of Directors for the distribution of the profit of the company realized in 2016 and

retained earnings from previous periods as follows: The total amount of the profit to be distributed amounts to BGN 38,249,890.71 / thirty-eight million two hundred forty-nine thousand eight hundred and ninety leva and seventy one st. / Of which BGN 37,769,879.20 / thirty-seven million seven hundred and sixty nine thousand eight hundred seventy-nine leva and 20 st. / Profit realized in 2016 And BGN 480,011.51 / four hundred and eighty thousand Levs and eleven levs and 51 st. / Unallocated profit from past periods. After allocating 10% to a mandatory reserve, a dividend of BGN 0.10 (ten cents) per share is distributed. The amount left over after the allocation should be taken as an additional reserve of the company. The right to receive dividends shall be the persons entered in the registers of the Central Depository as shareholders on the 14th day following the day of the General Meeting at which the Annual Financial Statement was adopted and a decision for the distribution of the profit was taken. The Company shall ensure the payment of the dividend voted to the shareholders at the General Assembly within three months of its execution. The costs of paying the dividend are at the company's expense.

The payment of the dividend is done with the assistance of the Central Depository. The shareholders with open accounts with an investment intermediary will receive their dividend through the respective intermediary, and those shareholders who do not use the services of an investment intermediary will receive their dividends from the branches of Eurobank Bulgaria AD / Postbank / in the country.

- 8. Approval of decision to discharge from liability the members of the Board of Directors for their activities in 2016; Draft decision:** AGM discharges from liability the members of the Board of Directors for their activities in 2016;
- 9. Election of a registered auditor of the Company for 2017; Draft decision:** AGM elects a registered auditor to audit and certify the annual financial statements of the Company for 2017 according to the proposal of the Audit Committee, included in the agenda materials.
- 10. Election of an Audit Committee. Draft decision:** The GMS elects an Audit Committee in a composition as proposed by the Board of Directors.
- 11. Approval of rules for the activity of the Audit Committee according to the requirements of Part Four of the Independent Financial Audit Act; . Draft decision:** The GMS adopts Rules of Procedure of the Audit Committee according to the requirements of Part Four of the Independent Financial Audit Act.
- 12. Approval of a Report of the Board of Directors on the implementation of the Remuneration Policy of the Members of the Board of Directors of the Company for 2016; Draft decision:** The General Meeting approves the Report of the Board of Directors on the Application of the Remuneration Policy of the Members of the Board of Directors of the Company for 2016.
- 13. Determination of the remuneration of the members of the Board of Directors for 2017; Draft decision:** On the basis of Article 24, paragraph 3, letter "A" of the Articles of Association of the company, the GMS decided: the permanent remuneration of the members of the Board of Directors and the permanent remuneration of the Executive Director in 2017 unchanged.
- 14. Approval of decision under art. 24, par. 3, letter B of the Company's Articles of Association; Draft decision:** Pursuant to art. 24, par. 3, letter B of the Articles of

Association an additional fee of 1% /one percent/ of the net profit for 2015 according to the approved annual financial statements, shall be paid to the Executive Director of the Company;

15. Approval of decision determining the percent of the net profit for 2016 to be distributed among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company; Draft decision: AGM approves the decision for the distribution of 2% /two percent/ of the net profit for 2016 among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company.

16. Approval of a Reasoned Report, drawn up by the Board of Directors, on the terms and the expediency of a transaction from the scope of Art. 114, para 1, item 2 of the Public Offering of Securities Act; Draft decision: The General Assembly adopts a Motivated report on the conditions and expediency of a transaction from the scope of Art. 114, para 1, item 2 of POSA.

17. Empowering the Board of Directors to conclude a transaction from the scope of Art. 114, para 1, item 2 of the Public Offering of Securities Act according to the Motivated Report, for the incorporation of SOPHARMA AD as a co-debtor under the conditions of solidarity under a contract for a working loan between The subsidiary Sopharma Trading AD and a financial institution - ING Bank NV - Sofia Branch "; Draft decision: The General Meeting empowers the Board of Directors of the company to conclude a transaction for the inception of SOPHARMA AD as a co-debtor under the conditions of solidarity under a contract for a working loan between the subsidiary Sopharma Trading AD and a financial institution - ING Bank H .IN. - Sofia Branch "according to the approved Substantiated Report.

18. Miscellaneous.

IV. On item 4 of the agenda:

The Board of Directors has decided: Pursuant to art. 223 of CA, an **Invitation for the Annual General Meeting of Shareholders with the following text** shall be announced in the Commercial Register and under the terms and conditions of art. 100, par. 1 and 3 of POSA:

“The Board of Directors, pursuant to art. 223 of the Commercial Act /CA/ and art. 115 of the Public Offering of Securities ACT /POSA/, convenes an Annual General Meeting of Shareholders of Sopharma AD, which shall be held on 2 June 2016 at 11:00 at the Company's headquarters in Sofia, at: 5 Lachezar Stanchev Str., Building B and in the absence of quorum on 16 June 2016 at the same place, the same time and with the same agenda:

The General Meeting of Shareholders shall be conducted with the following agenda and the following draft decisions, proposed by the Board of Directors:

- 1. Approval of the Annual report of the Board of Directors of the Company for 2016; Draft decision:** AGM approves the Annual report of the Board of Directors of the Company for 2016;

2. **Approval of the Annual report of the Investor Relations Director for 2016; Draft decision:** AGM approves the Annual report of the Investor Relations Director for 2016;
3. **Approval of the Audit report on the audit of the annual financial statements of the Company for 2016; Draft decision:** AGM approves the Audit report on the audit of the annual financial statements of the Company for 2016;
4. **Approval of the audited annual financial statements of the Company for 2016; Draft decision:** AGM approves the audited annual financial statements of the Company for 2016;
5. **Approval of the audited annual consolidated financial statements of the Company for 2016; Draft decision:** AGM approves the audited annual consolidated financial statements of the Company for 2016;
6. **Approval of the report of the Audit Committee for 2016; Draft decision:** AGM approves the report of the Audit Committee for 2016;
7. **Approval of a decision on the distribution of the Company's net profit for 2016 and undistributed profit from past periods; Draft decision:** AGM Accepts the proposal of the Board of Directors for the distribution of the profit of the company realized in 2016 and retained earnings from previous periods as follows: The total amount of the profit to be distributed amounts to BGN 38,249,890.71 / thirty-eight million two hundred forty-nine thousand eight hundred and ninety leva and seventy one st. / Of which BGN 37,769,879.20 / thirty-seven million seven hundred and sixty nine thousand eight hundred seventy-nine leva and 20 st. / Profit realized in 2016 And BGN 480,011.51 / four hundred and eighty thousand Levs and eleven levs and 51 st. / Unallocated profit from past periods. After allocating 10% to a mandatory reserve, a dividend of BGN 0.10 (ten cents) per share is distributed. The amount left over after the allocation should be taken as an additional reserve of the company. The right to receive dividends shall be the persons entered in the registers of the Central Depository as shareholders on the 14th day following the day of the General Meeting at which the Annual Financial Statement was adopted and a decision for the distribution of the profit was taken. The Company shall ensure the payment of the dividend voted to the shareholders at the General Assembly within three months of its execution. The costs of paying the dividend are at the company's expense.

The payment of the dividend is done with the assistance of the Central Depository. The shareholders with open accounts with an investment intermediary will receive their dividend through the respective intermediary, and those shareholders who do not use the services of an investment intermediary will receive their dividends from the branches of Eurobank Bulgaria AD / Postbank / in the country.
8. **Approval of decision to discharge from liability the members of the Board of Directors for their activities in 2016; Draft decision:** AGM discharges from liability the members of the Board of Directors for their activities in 2016;
9. **Election of a registered auditor of the Company for 2017; Draft decision:** AGM elects a registered auditor to audit and certify the annual financial statements of the Company for 2017 according to the proposal of the Audit Committee, included in the agenda materials.
10. **Election of an Audit Committee. Draft decision:** The GMS elects an Audit Committee in a composition as proposed by the Board of Directors.

11. Approval of rules for the activity of the Audit Committee according to the requirements of Part Four of the Independent Financial Audit Act; . Draft decision: The GMS adopts Rules of Procedure of the Audit Committee according to the requirements of Part Four of the Independent Financial Audit Act.

12. Approval of a Report of the Board of Directors on the implementation of the Remuneration Policy of the Members of the Board of Directors of the Company for 2016; Draft decision: The General Meeting approves the Report of the Board of Directors on the Application of the Remuneration Policy of the Members of the Board of Directors of the Company for 2016.

13. Determination of the remuneration of the members of the Board of Directors for 2017; Draft decision: On the basis of Article 24, paragraph 3, letter "A" of the Articles of Association of the company, the GMS decided: the permanent remuneration of the members of the Board of Directors and the permanent remuneration of the Executive Director in 2017 unchanged.

14. Approval of decision under art. 24, par. 3, letter B of the Company's Articles of Association; Draft decision: Pursuant to art. 24, par. 3, letter B of the Articles of Association an additional fee of 1% /one percent/ of the net profit for 2015 according to the approved annual financial statements, shall be paid to the Executive Director of the Company;

15. Approval of decision determining the percent of the net profit for 2016 to be distributed among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company; Draft decision: AGM approves the decision for the distribution of 2% /two percent/ of the net profit for 2016 among the members of the senior management of the Company in compliance with the requirements of art. 26a, item 12 of the Articles of Association of the Company.

16. Approval of a Reasoned Report, drawn up by the Board of Directors, on the terms and the expediency of a transaction from the scope of Art. 114, para 1, item 2 of the Public Offering of Securities Act; Draft decision: The General Assembly adopts a Motivated report on the conditions and expediency of a transaction from the scope of Art. 114, para 1, item 2 of POSA.

17. Empowering the Board of Directors to conclude a transaction from the scope of Art. 114, para 1, item 2 of the Public Offering of Securities Act according to the Motivated Report, for the incorporation of SOPHARMA AD as a co-debtor under the conditions of solidarity under a contract for a working loan between The subsidiary Sopharma Trading AD and a financial institution - ING Bank NV - Sofia Branch "; Draft decision: The General Meeting empowers the Board of Directors of the company to conclude a transaction for the inception of SOPHARMA AD as a co-debtor under the conditions of solidarity under a contract for a working loan between the subsidiary Sopharma Trading AD and a financial institution - ING Bank H .IN. - Sofia Branch "according to the approved Substantiated Report.

18. Miscellaneous.

All shareholders of the company are invited to take part in the work of the General Meeting personally or through a representative.

Written materials for the AGM are available to shareholders at the headquarters of the Company in Sofia, 16 Iliensko shose Str., the records department, every workday from 8:30 AM to 5:00 PM. The invitation, together with the written materials related to the items of the agenda of the Meeting are published on the website of Sopharma AD - www.sopharma.bg from the moment the invitation is announced in the Commercial Register until the completion of the AGM.

Pursuant to art. 118, par. 2, item 4 of POSA, persons holding jointly or separately at least 5 percent of the capital of the public company Sopharma AD may request the inclusion of items and propose draft decisions on items already included in the agenda of the General Meeting in accordance with art. 223 of the Commercial Act. They must submit not later than 15 days before the AGM to the Commercial Register a list of items that should be included in the agenda and the accompanying draft decisions, as well as any draft decisions on items already included in the agenda. Through the announcement in the Commercial Register the items, respectively the draft decisions on items already included in the agenda, are deemed included in the proposed agenda of the AGM. Not later than the next business day after the announcement the shareholders must submit the list of items and draft decisions and the accompanying written materials at the address of the Company and to the Financial Supervision Commission.

During the General Meeting shareholders are entitled to ask questions on all agenda items, as well as on issues concerning the economic and financial condition and business of the Company, regardless if the latter are related to the agenda.

Registration of shareholders will take place on the announced day of the General Meeting from 09:30 AM to 11:00 AM.

For registration and participation in the AGM shareholders - individuals must present an identity document, shareholders - legal entities must present an original or certified copy of a current certificate of commercial/court registration and identity card of the legal representative.

Rules for proxy voting: Pursuant to the provisions of art. 18, par. 2 of the Articles of Association of the Company a proxy of shareholders in the General Meeting must present an explicit written letter of attorney for the particular General Meeting with a minimum content as per art. 116, par. 1 of POSA.

In case a shareholder – legal entity is represented by a physical person the authorized person must provide their identity document, original or a certified copy of a current certificate of commercial/court registration of the shareholder – legal entity, as well as an explicit written letter of attorney for the particular General Meeting with content as per art. 116, par. 1 of POSA, signed by the lawful representative of the shareholder – legal entity, entered in the current certificate of good standing.

In case a shareholder is represented by a legal entity, the person, representing the proxy, apart from their identification document, must present an original or a certified copy of a current certificate of commercial/court registration of the proxy - legal entity, an explicit written letter of attorney for the particular General Meeting with content as per art. 116, par. 1 of POSA, issued by the shareholder, and if the shareholder is a legal person, the person representing the proxy must also present an original or a certified copy of a current certificate of commercial/court registration of the shareholder.

Pursuant to art. 116, par. 4 of POSA reauthorization of the rights granted to the proxy according to the letter of attorney shall be void and a letter of attorney granted in breach and/or inconsistent with the provisions of art. 116, par. 1 of POSA shall also be void.

A commercial / court registration certificate as well as a power of attorney for representation in the General Assembly, issued in a foreign language, must be accompanied by a translation into Bulgarian, certified in accordance with Article 2a, paragraph 2 of the Regulations on Legalizations, Certification and Translation of Documents And other papers. The translation of official documents is done by an interpreter to a company that has signed a contract with the Ministry of Foreign Affairs. The fact that the translator is registered with such a company shall be certified by the Ministry of Foreign Affairs with an endorsement of the translator's signature or with an explicit certificate together with a declaration by the translator that it has not been deleted from the list at the Ministry of Foreign Affairs. If there is a discrepancy between the texts, the data in the Bulgarian translation will be accepted.

The Board of Directors of Sopharma AD has provided a sample letter of attorney in paper and electronic form along with the materials for the AGM. The letter of attorney form is also available on the Company's website www.sopharma.bg .

As a prerequisite for the technical provisioning of the procedure for registration in the Annual General Meeting of Shareholders, copies of the issued letters of attorney must be presented to the Company on paper or electronically by the end of the workday preceding the date of the AGM, namely 5 p.m. on 1 June 2017.

Sopharma AD will receive and accept as valid notifications and letters of attorney electronically on the following email: mdnedkova@sopharma.bg. The emails must be digitally signed with the universal electronic signature /UES/ of the principal and the attached electronic documents /electronic form/ of the letter of attorney must also be digitally signed with the universal electronic signature /UES/ of the principal.

On the basis of art. 16, par 3 of the Company's Articles of Association the Board of Directors notifies the shareholders that the General Meeting, scheduled for 2 June 2017, and in the absence of quorum – 16 June 2017, will accept voting by correspondence or electronic equipment subject to the following rules:

1. Persons registered as shareholders of Sopharma AD in the "Central Depository" AD 14 days before the AGM, /i.e. 19 May 2017/, on the basis of art.16 of the Articles of Association and these Rules, may exercise their voting right prior to the date of the General Meeting by correspondence.
2. Voting right at the AGM of Sopharma AD exercised by correspondence must be an explicitly written, notarized statement expressed by a shareholder of the Company, which refers to the particular AGM and shall contain: identification of the shareholder; the number of shares owned by the shareholder; agenda of the issues proposed for discussion on the particular AGM in accordance with the announced invitation to the AGM in the Commercial Register; draft decisions on each item of the agenda; chosen voting option on each item on the agenda (only one of the voting options "For", "Against" or "Abstain" must be explicitly stated for each item on the agenda); date and signature.

3. The necessary data for identification of shareholders - individuals are: full name, personal identification number /PIN/ and address. The necessary data for identification of shareholders - legal entities are: name, company seat and address of management, unique identification code /UIC/ and the full name of the company's representatives.
4. Statements under item 2 of these rules, made in a foreign language must be accompanied by legalized translation into Bulgarian language by a sworn translator.
5. If the voting by correspondence is exercised by a shareholder - legal entity, the statement must be accompanied by original or certified copy of a current certificate of commercial registration of the company - shareholder. Business registration certificate issued in a foreign language must be accompanied by legalized translation into Bulgarian language by a sworn translator.
6. The shareholders of Sopharma AD can use any of the following methods as a valid means of voting by correspondence: mail - through a letter sent to the Company with a return receipt, verifying the moment of reception of the letter by the Company; e-mail - through email, which must be signed with the universal electronic signature /UES/ of the shareholder and has an attached electronic document /electronic form/ of the statement, which must also be signed with the universal electronic signature /UES/ of the shareholder; courier - through a letter sent via courier company chosen by the shareholder.
7. Sopharma AD will consider the vote by correspondence valid only if the written statement with the shareholder's vote was received by the Company not later than **1 June 2017**, which is the day preceding the date set for the General Meeting.
8. If the shareholder of Sopharma AD, who has voted by correspondence, attends the General Meeting on 2 June 2017, his correspondence voting is valid, unless the shareholder states the opposite upon their registration for participation at the General Meeting of Shareholders. In these cases, on the items, on which the shareholder votes at the General Meeting in person, their exercised vote by correspondence will be disregarded.
9. The address for correspondence voting by mail or courier: **Sofia 1220, 16 Iliensko Shose Str., Sopharma AD, ATTN: Investor Relations Director**

E-mail address for correspondence voting: mdnedkova@sopharma.bg

The Board of Directors of Sopharma AD notifies that the total number of shares with voting rights at the AGM as at the date of the decision of the Board of Directors for convening of the General Meeting, is 134 797 899 /one hundred and thirty-four million, seven hundred and ninety-seven thousand, eight hundred and ninety-nine/ dematerialized registered shares with voting rights.

Pursuant to art.115b, par.1 of POSA voting right at the AGM shall be exercised by persons registered in the Central Depository as shareholders 14 days before the General Meeting, which date, valid for the current Annual General Meeting of Shareholders of Sopharma AD, is 19 May 2017, and only persons registered as shareholders at this date are eligible to vote and participate at the AGM.

Shareholders with dividend rights are those, who have been registered with the Central Depository as shareholders on the 14th day following the general meeting which approved the annual financial statement and decision on profit distribution.

In accordance with the Rules of the Central Depository AD, the dividend will be paid as follows: to shareholders with client accounts at investment intermediaries – through the investment intermediaries; to shareholders without accounts at investment intermediaries – through the branches of Eurobank EFG - Bulgaria AD / Postbank / in the country.

According to the provision of Art. 187a, para. 3 of the CA, the exercise of all rights, including the right to vote, on the own shares redeemed by the company, which at the date of the decision for convening the Regular General Meeting of Shareholders amounts to 5 662 414, is suspended until now of their transfer.

Pursuant to art. 227, par. 3 of the Commercial Act, in the absence of quorum on the date indicated in this invitation as the date for the AGM the General Meeting will be held on 16 June 2017 at 11:00AM at the same place and with the same agenda. In this case no additional items can be included in the agenda under par.223a of the Commercial Act.”

Voting results:

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

The decision on item 4 of the agenda was unanimously approved by the Board of Directors.

V. On item 5 of the agenda:

The Board of Directors took the following decision: The Board assigns the Executive Director the organization and control on the execution of the factual and legal actions on the preparation and conduct of the Annual General Meeting of Shareholders of Sopharma to ensure compliance with the requirements of the Commercial Act, the Public Offering of Securities Act and the Articles of Association of the Company.

Voting results:

1. Ognian Ivanov Donev – FOR
2. Vessela Liubenova Stoeva – FOR
3. Alexandar Victorov Tchaouchev - FOR
4. Ognian Kirilov Palaveev - FOR
5. Andrey Liudmilov Breshkov – FOR

The decision on item 5 of the agenda was unanimously approved by the Board of Directors.

Due to completion of the agenda the meeting of the Board of Directors was closed.

The present minutes were prepared in two identical copies and were signed as follows:

1. Ognian Ivanov Donev:
2. Vessela Liubenova Stoeva
3. Alexandar Victorov Tchaouchev:
4. Ognian Kirilov Palaveev:
5. Andrey Liudmilov Breshkov: